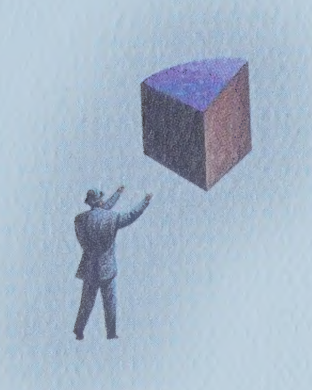
JETFORM

DRIVEN TO STREAMLINE BUSINESS PROCESSES



1996 annual report

JetForm Profile Forms are the international language of commerce and the basis for most business processes. They are used to collect business information in a structured way and to move work through an organization.

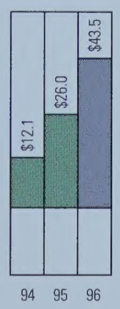
JetForm is a world leader in forms-based workflow automation. Our electronic forms technology is used by leading companies world-wide to implement major business changes and to manage complex business processes. By reducing the need for pre-printed paper forms and optimizing mission critical workflows, JetForm provides a practical and proven method of increasing productivity while reducing operating costs and cycle times. JetForm's core technology is based on a client/server, open system architecture that can be seamlessly integrated into the multi-platform computing environments typical of most large organizations. Our products are designed to interoperate with many leading business applications, allowing users to tailor our powerful forms automation solutions to their unique business requirements.

JetForm solutions are available worldwide, either directly from JetForm offices in North America, Europe and the Pacific, or through a network of resellers, distributors, OEMs and system integrators. Our global distribution network and scaleable enterprise-wide architecture positions JetForm as the industry standard for electronic forms.

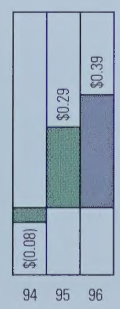
JetForm's common shares are listed for trading on the NASDAQ Stock Market under the symbol FORMF and The Pacific Stock Exchange under the symbol JTF.

(In Thousands of Canadian Dollars Except Per Share and Employee Data)	Fiscal Year Ended April 30, 1996	1995	1994
Revenues	$ 43,455	$ 26,009	$ 12,129
Net income (loss)	$ 4,148	$ 2,755	$ (556)
Earnings (loss) per share	$ 0.39	$ 0.29	$ (0.08)
Research and development spending	$ 6,855	$ 2,839	$ 1,445
Number of employees	350	224	140

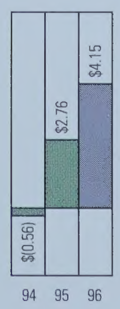
REVENUES
In Millions of Canadian Dollars



EARNINGS PER SHARE (LOSS)
In Canadian Dollars



NET INCOME (LOSS)
In Millions of Canadian Dollars



LETTER TO THE SHAREHOLDERS

We are pleased to review JetForm's successes of the past year with our shareholders.

It's been a year of accomplishment: record financial performance, broader industry recognition, exciting product breakthroughs, powerful new relationships and, above all, continued growth of exceptional people. Organizations in many major markets and industries are now relying on JetForm solutions to streamline mission-critical business systems.

JetForm's results for 1996 show continued, strong growth. Revenues for the fiscal year ended April 30, 1996 were $43,455,000 (CDN) compared with $26,009,000 for the previous year, an increase of 67 percent. The Company had four profitable quarters, posting net income of $4,148,000 for fiscal 1996, compared with net income of $2,755,000 for fiscal 1995, an increase of 51 percent. JetForm has now had nine consecutively profitable quarters, while continuing to invest in new markets and products.

JetForm's sales continued to exceed growth of the rapidly expanding forms automation industry, demonstrating the demand for and confidence in our products and solutions. Similarly, the market's confidence in JetForm was shown by the overall performance of our stock throughout this past year.

As forms automation technology moves into the mainstream, sales of JetForm products and services are becoming increasingly driven by customer demand. We are meeting this demand through an aggressive expansion of our worldwide sales and distribution infrastructure. Our goal is to derive one third of our revenues from North American sales, one third from European sales and one third from the rest of the world, primarily the Pacific Rim and Latin America.

Last year we made considerable progress toward reaching that goal in Europe. We opened JetForm offices in the United Kingdom, France and Germany, Europe's three major commercial hubs. We acquired Proactive Systems Limited of England, a European leader in electronic forms solutions for midrange system users. This acquisition was driven by our desire to gain access to Proactive's sales infrastructure, and combined with our office expansions, allowed us to dramatically increase our European resources. We further enhanced our European opportunity through a new distributor relationship with DATAMAT in Italy. With 384 percent growth in product sales in Europe in fiscal 1996, we believe we are now the leading electronic forms vendor in that market. We also opened an office in New Zealand, bringing our global presence to over 20 countries, including distributors.

During the year, we also acquired Eclipse Corporation, known for its award winning IBM AS/400 electronic forms product. The AS/400 is one of the most popular multi-user business computing systems, with more than 360,000 installations worldwide. This acquisition dramatically extends our reach into this important market.

Selling a JetForm solution typically requires an ongoing relationship with the end user—an expensive investment for any sales organization. By leveraging the access that third party resellers have to particular industries, local markets, and customers, we can effectively extend the reach of our direct sales force and increase access to markets and resulting revenues much faster than would be possible through direct selling alone.

One of our highest priorities for the year was to broaden our worldwide network of distributors, integrators, OEMs and business alliance partners. Currently, third party product sales account for 70 percent of our revenues, up from 50 percent a year ago. Our goal is for third party sales to grow to 75 percent of our total revenues, and we will continue expanding our channel programs to meet this objective.

We have established many business alliances to integrate JetForm technology with other vendors' products.

Notable among these are the integration of JetForm electronic forms solutions with IBM and Unisys banking packages. Other applications integrated with JetForm include PeopleSoft, SAP, Lotus, ICL, Microsoft, PC DOCS, Documentum and Saros.

Moore Corporation continues to be our most important strategic channel alliance, and we remain committed to this relationship. As part of a recently announced restructuring of our relationship, Moore relinquished its fixed price option to acquire majority control. Moore became a JetForm Master Global VAR, with exclusive rights to sell to an agreed list of Moore accounts on a worldwide basis and non-exclusive access to all other markets.

Large organizations are an important showcase for JetForm solutions, often acting as catalysts for further sales in their targeted industry. Last year, JetForm entered into over 50 new major customer relationships whose average contract value exceeded $300,000. These contracts allow us to continue our penetration in a number of important vertical markets, such as banking and government.

JetForm is committed to leading the industry in technical innovation. We are convinced that we now have the strongest electronic forms research and development capability in the world. In 1996, we were the first electronic forms vendor to offer an intelligent forms solution for the World Wide Web. To take advantage of the emerging importance of the Web, this product was brought to market in only a few months—a testament of our employees' exceptional talent, determination and nimbleness in being responsive to new market opportunities. We also repositioned our output product and renamed it JetForm Central and we announced JetForm Workflow. This allows us to better target the forms output management and administrative workflow markets, respectively.

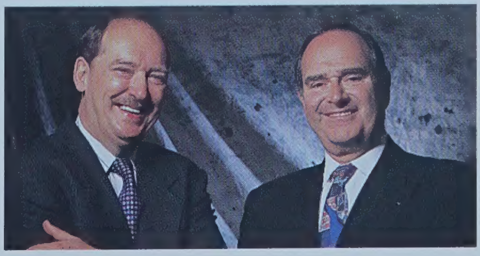
JetForm's growth in the market is reflected in our growth as a company. We significantly strengthened our management team and increased our company size from 224 to 350 employees. We would like to welcome our new staff members, and to thank everyone for a year of hard and productive work. We would also like to thank departing Moore nominated board member Ron Rogers for his excellent counsel, and to welcome his replacement, Steve Holinski, Chief Financial Officer of Moore Corporation. Last year, John Kelly was appointed Chief Executive Officer of the company. Abe Ostrovsky, who held this position previously, continues to serve as Chairman of the Board.

The electronic forms market is expanding at an accelerating pace and our opportunities for growth appear unlimited. JetForm is positioned to seize those opportunities—with the best team, the best technology, the best partners and the best customers. Together, we will continue to make JetForm the industry standard for electronic forms and administrative workflow.

Sincerely,

John B. Kelly,
President and Chief Executive Officer

Abe Ostrovsky,
Chairman



MARKET DRIVEN

SETTING THE PACE Forms are the basis for most business processing, and in today's rapidly evolving information economy, electronic forms have become a cornerstone of the corporate IT infrastructure. Once seen simply as a way to eliminate paper, electronic forms are now used to implement major business changes and to manage complex business processes.

JetForm is recognized as a world leader in the electronic forms market. We offer an integrated family of software products—JetForm Design, JetForm Filler, JetForm Workflow and JetForm Central—to automate the complete life cycle of the business form. This includes creating, designing and filling the form, storing and retrieving it, routing it through a complex workflow, and outputting it onto various printed or electronic media.

We also offer extensive consulting and training services to help our customers develop and implement forms-based enterprise business systems. Together, our products and services are the building blocks that we use to deliver solutions to leading companies around the world.

Paper forms make up 83% of all business documents and JetForm provides solutions for distinct electronic forms markets: Output Management, Workflow and Electronic Commerce.

OUTPUT MANAGEMENT Most business applications, whether they generate reports, invoices or payroll checks, require a substantial investment in pre-printed paper forms. The Gartner Group estimates that in North America pre-printed forms cost companies $6 billion each year.

Every company that spends heavily on pre-printed forms is a potential JetForm customer. JetForm software allows these companies to electronic-forms-enable existing business applications, from custom-developed legacy systems to third party products. In most cases, the transition to electronic forms can be made without changing familiar procedures or interfaces.

Using JetForm technology, forms can be printed on demand, on plain paper stock. Different parts of forms can be automatically directed to printers in the various departments responsible for their processing, or to other electronic media, such as fax, e-mail and EDI.

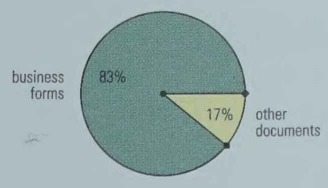
WORKFLOW The true opportunity for electronic forms is in improving productivity by streamlining forms processing. The Gartner Group estimates that for every dollar spent to purchase a pre-printed paper form, $20 is spent in processing. Assuming a $20 processing cost per form, companies spend $120 billion annually to manually process paper forms in North America. These figures are why the Gartner Group estimates the market for electronic forms technology will grow from a worldwide installed base of less than 4 million users in 1995 to 30 million by the year 2000. Gartner Group further estimates that 70 percent of Fortune 500 companies will implement electronic forms products in combination with electronic mail and workflow by the year 2000.

JetForm targets this market with products that eliminate much of this cost by replacing paper forms with electronic equivalents and automating their processing. JetForm uses the customer's own IT infrastructure, such as LANs, e-mail systems and databases, to route the forms through complex, enterprise-wide workflows. This workflow-based solution allows JetForm customers to look beyond the immediate benefit of streamlining how they process paper to focus on the real goal of forms automation—re-engineering how they process work.

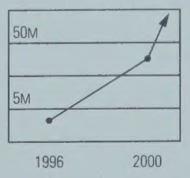
ELECTRONIC COMMERCE The World Wide Web has created a global electronic marketplace that is changing the way companies do business. Forrester Research projects the Internet software market to grow from $382 million in 1996 to $8.5 billion by 1999.

JetForm is positioned for this growth, with products that are fully Web-enabled and that plug into key Web technologies. Using JetForm's Web-enabled electronic forms, customers can reduce the cost of processing the business transactions that make up the commercial relationships between enterprises and trading partners.

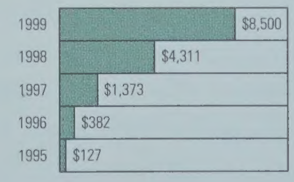
BUSINESS DOCUMENTS

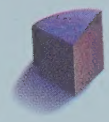


GROWTH OF E-FORMS
(Based On 70% of All Fortune 500 Companies)



WORLDWIDE INTERNET SOFTWARE REVENUE
(In millions of U.S. Dollars)





TECHNOLOGY DRIVEN

INNOVATIVE JetForm has always been a technology driven company, and it is our technical leadership that lies at the heart of our continuing success. With the largest R&D program in the forms automation industry, we are the only major company in the market that focuses exclusively on electronic forms. Our four founders, who pioneered forms automation, remain active in the company, and our products are designed by people who have spent most of their careers developing sophisticated, enterprise-wide electronic forms systems for complex, distributed organizations.

JetForm's development efforts focus on how information is distributed, processed, presented and shared in an open electronic environment. This holistic approach to the delivery of forms automation is central to our success. JetForm's architecture is based on modular components that can be mixed and matched, or customized, to perform all the tasks required by a particular organization. A modular design optimizes system performance and offers better control for system administrators. This approach also offers organizations the cost-saving ability to evolve over time. JetForm's commitment to providing the latest product technology, coupled with our up-to-date system integration and application development services, are why we have sustained the leading position in the electronic forms market.

COMPREHENSIVE Forms have a complex life cycle and JetForm offers a total solution for automating them—from creation to filling, routing and printing. Our solutions are process oriented, making them an ideal mechanism for implementing fundamental business change. They are also scaleable, facilitating the transition from pilot project to enterprise-wide roll out. The same solution that works on a single desktop or in a small workgroup will work across the enterprise and can be expanded as the organization grows.

VISIONARY JetForm understands the technical advances that allow large organizations to automate forms processing. We based our original forms routing strategy on e-mail in anticipation that business use of e-mail would expand dramatically—as indeed it has, from less than 10 percent five years ago to over 80 percent today. For the same reason, we were the first electronic forms vendor to offer Web-enabled products. We will continue to track innovations that emerge in system, communication and printing technology, ensuring that our forms automation products remain on the leading edge of technology, and that our customers have access to the most advanced solutions available in the market.

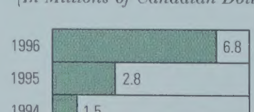
COMPATIBLE The computing environments of most large organizations are made up of many different types of products and platforms. JetForm allows these organizations to realize the full potential of their technology investments. Thanks to the close technical relationships that we maintain with many hardware and software vendors, our electronic forms solutions work with multiple operating systems, network architectures, output devices, databases, e-mail products and other transport mechanisms. This means that customers can integrate our solutions into their existing mission critical applications, as well as use them to implement business process workflows spanning different departments with different local environments.

CONNECTED At JetForm, we have always recognized the value of listening to our customers. Many of the major technical innovations in our products started out as customer ideas and requests. That's why we institutionalized the process of listening to customers by forming our Executive Advisory Council. This council is made up of visionaries from leading companies in a variety of industries, who deal regularly with some of the most difficult and challenging forms automation issues in the world. Council members include Moore Corporation, The Walt Disney Company, Cigna Insurance, PaineWebber, Bank of Boston and The Prudential. By working closely with them, we ensure that our products continue to be developed in line with our customers' needs.

JETFORM DELIVERED FIRST

1996 Web-enabled filler 1994 client/server output products with paper and electronic output options 1992 e-forms filler integrated with e-mail 1990 client/server e-forms print solution 1988 Windows-based WYSIWYG form designer and filler 1986 scaleable e-forms print solutions for PC and midrange systems 1986 interactive, PC-based forms design product.

RESEARCH & DEVELOPMENT SPENDING
(In Millions of Canadian Dollars)



CUSTOMER DRIVEN

Electronic Forms Are Universal Sales of electronic forms products are driven by customer demand. They have moved beyond the early adopter stage and into the mainstream. Today, companies all over the world are looking at forms automation to streamline critical business processes. For this reason, JetForm has organized its workforce and aligned itself with strategic partners in order to respond quickly and appropriately to the unique requirements of both broad and varied customer opportunities.

JetForm Solutions Are Available Worldwide JetForm's strategy is to have a presence in all major geographic markets worldwide, and to achieve a revenue distribution of one-third from North American sales, one-third from European sales and one-third from sales in the rest of the world, primarily the Pacific Rim and Latin America.

To support this strategy, JetForm has opened offices in key international market locations. In Europe, we have offices in the United Kingdom, France and Germany, the traditional hubs for this geographic market.

JetForm also has an office in Sweden, since that country has a tradition of leading the adoption of information technology and is spearheading a move towards forms automation. For the same reason, JetForm has an office in Australia, where we are particularly strong in the banking industry.

In turn, these offices, and others around the world, support an international network of distributors, system integrators, and other value added resellers.

Solution Partners Improve Customer Satisfaction At JetForm, we are meeting the growing customer demand for electronic forms products by expanding our worldwide sales and distribution organization, in particular, through relationships with OEMs, value added resellers and other technology solution partners. Our goal is to realize and sustain 75 percent of our revenues through third party sales.

Value Added Resellers JetForm's value added resellers have expertise in particular industries and customer segments. To ensure their success, we provide resources and initiatives such as JetForm's Alliance Business Center and the ACE Reseller Program.

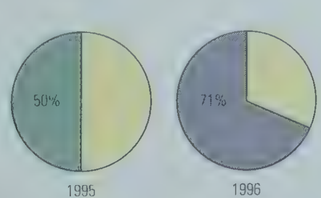
OEMs And Business Alliances JetForm partners with leading companies who deliver enterprise-wide computing solutions to large organizations. We also work closely with companies that manufacture the hardware and software components of enterprise-wide solutions. For example, our electronic forms technology adds significant value to HP printers, creating a tremendous incentive for their sales force to promote our products alongside their own. These types of relationships give us access to important markets, allowing us to leverage our own sales force and extend our reach worldwide.

Vertical Market Focus Protects Technology Investments JetForm focuses on several key vertical markets including banking, healthcare, insurance, financial services, law enforcement and government. Banking is one example where forms automation has experienced enormous popularity. JetForm products are in use at four of Australia's largest banks, 60 percent of the mid-range banks and 25 percent of the smaller banks.

Strategic Direct Sales JetForm's direct sales efforts focus on large corporate users who act as flagship, or reference, accounts for key vertical markets. These sales are often catalysts for further business in their particular vertical markets, as companies see their competitors gaining a competitive advantage by early adopting JetForm technology.

Expert Customized Support Services JetForm's service organization provides a wide range of support services to fast track electronic forms implementations. These services range from product training and forms design services to consulting, system integration, workflow design, application development and a variety of technical support options.

OEM And Reseller Revenue In North America



Customer Satisfaction

"JetForm's strengths are well-known at the high end of the market. The company is far and away the dominant player for large corporations who are looking to make the transition to electronic forms on a very large scale."

Rickel & Associates, Inc. Institutional Research

SOLUTION DRIVEN

Results-Oriented Solutions The success of electronic forms in the software industry is the direct result of measurable return on investment. PaineWebber, the Bank of Boston and Cigna Insurance are just a few examples of well known companies who use JetForm solutions to achieve process automation.

PaineWebber By installing JetForm software on 16,000 of its broker workstations, PaineWebber anticipates saving hundreds of thousands of dollars in printing costs and 150,000 hours of processing time annually, the equivalent of 95 new full-time employees.

PaineWebber sends out nearly three million document pages a year to new accounts. Managing this type of volume is not an easy task, but JetForm has made life simpler for many of PaineWebber's personnel. Instead of writing information onto an account form for each new customer, brokers and sales assistants now use an automated system that allows them to enter information directly into the client database. JetForm software then merges this information with electronic versions of the required forms and prints out one concise, personalized document.

The client's name, signature, the obligatory legal language, and other previously redundant components, appear only once, rather than on each document page. Finally, each package is uniquely bar-coded, making it possible for signatures to be scanned and databases to be updated automatically when forms are returned. The end result is a customized client document that looks like it was individually prepared.

Bank Of Boston Bank of Boston has been able to cut the process for claims reimbursement down to hours instead of weeks using JetForm software to automate travel reimbursement claims processing.

Bank of Boston employees file 75,000 claims annually. They use JetForm software to fill out electronic versions of the expense form. Each field is completed by clicking on it and typing in the data. Where a vendor name is required, it can be chosen from a pull-down menu and automatically inserted. JetForm also automatically fills in standard employee information: name, ID, mail-stop, and performs the field calculations. Finally, if any data is missing or invalid, JetForm prompts the user for corrections.

JetForm software then moves the claim through the bank's authorization loop via the bank's existing e-mail system. Routing information is used to decide where the form goes at each stage. After the manager's approval, the claim goes to accounting for payment, and then to corporate travel, where the information is automatically inserted into the database.

Cigna Insurance Cigna Insurance has reduced the process of getting insurance claim forms to clients from twenty days to within 24 to 48 hours using JetForm electronic forms solutions. When a client needs a new supply of claim forms, a Cigna employee in any state office can pull up an electronic version of the form, make changes, print a proof and then transmit the approved form to Cigna's centralized processing center.

Cigna Insurance is a Philadelphia-based insurer, which employees approximately 50,000 people nationwide. Cigna has almost as many paper forms as it has employees. Since 1991, Cigna has made almost 5,000 electronic JetForm forms available on-line for its sales personnel and associates.

To date Cigna has been able to eliminate one entire warehouse that was used to store paper forms thanks to JetForm's technology. Cigna will continue to trim duplicated and unnecessary processing costs by as much as one-half to two-thirds as they expand the use of electronic forms to replace manual paper forms processes.

JetForm Worldwide Locations And Distributors

JetForm Canada Ottawa, Toronto **JetForm United States** Washington, D.C., Texas, California, Georgia, Massachusetts **JetForm Europe** France, Belgium, United Kingdom, Germany, Greece, Spain, The Netherlands, Italy **JetForm Scandinavia** Sweden, Denmark, Finland, Norway **JetForm Latin America** Venezuela, Argentina, Brazil, Chile, Ecuador, Mexico **JetForm Pacific Rim and Asia** Australia, New Zealand, Hong Kong, Singapore, Malaysia, South Africa.

"The markets for Workflow, Electronic Forms and Electronic Commerce, including the Web, are all exploding opportunities. JetForm understands how organizations use forms and how they deploy different information technologies to facilitate key business processes. By combining this knowledge and incorporating it into its family of Electronic Forms products, JetForm is well positioned to grow as the dominant vendor in the Electronic Forms market."

Ronni Marshak, Editor & Chief, Workgroup Computing Report,
Patricia Seybold Group—a Boston-based analyst & consulting firm

"JetForm's Web strategy is indicative of their overall approach to new product development. When JetForm recognized that the Web was about to take off, they immediately Web-enabled their products. They did the same thing years ago with e-mail. JetForm customers know that they can invest in JetForm solutions without being locked into today's technology or locked out of tomorrow's advances."

Matt Cain, Vice-President, Workgroup Computing, META Group

"JetForm is the only company in the market whose singular focus is on Electronic Forms. An industry pioneer, it has long been thought of as a technology innovator and is a leading supplier of industrial-strength Electronic Forms solutions."

Steven B. Weissman, President of Kinetic Information

Financial Table of Contents

(In Thousands of Canadian Dollars)	*April 30, 1996*	*April 30, 1995*
ASSETS		
Current assets		
Cash and cash equivalents	$ 20,198	$ 22,766
Marketable securities	—	5,980
Accounts receivable (Note 2)	17,483	7,479
Due from Moore Corporation Limited (Note 10)	4,105	3,238
Work in process	1,175	741
Inventory	612	298
Investment tax credits recoverable	423	1,532
Prepaid expenses and deferred charges	1,953	756
	45,949	42,790
Accounts receivable	2,259	—
Investment tax credits recoverable	2,000	—
Fixed assets (Note 3)	9,448	3,457
Other assets (Note 4)	24,145	5,404
	$ 83,801	$ 51,651
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 4,824	$ 1,263
Accrued liabilities	7,326	2,238
Deferred income taxes	432	260
Unearned revenue	3,641	1,050
	16,223	4,811
Deferred income taxes	545	151
	16,768	4,962
Commitments (Note 11)		
Shareholders' equity		
Capital stock (Issued and outstanding—9,237,013 Common Shares and 2,263,782 Preference Shares at April 30, 1996, 8,139,754 Common Shares and 2,263,782 Preference Shares at April 30, 1995) (Note 7)	60,635	44,439
Retained earnings	6,398	2,250
	67,033	46,689
	$ 83,801	$ 51,651

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the board:

John B. Kelly
President and CEO

John Gleed
Executive Vice President and CTO

(In Thousands of Canadian Dollars Except Share and Per Share Amounts)	*Year Ended April 30,* 1996	1995	1994
Revenues			
Product	$31,600	$17,184	$ 9,912
Services and Funded Research and Development	11,855	8,825	2,217
	43,455	26,009	12,129
Costs and expenses			
Cost of product	2,491	1,246	466
Costs of services	6,125	6,168	2,342
Sales and marketing	16,697	8,592	5,469
Research and development (Note 5)	4,805	2,744	1,445
Investment tax credits	(900)	(855)	(268)
Depreciation and amortization	3,593	1,196	373
General and administrative	5,513	5,039	3,218
	38,324	24,130	13,045
Operating income (loss)	5,131	1,879	(916)
Interest income	1,401	1,573	227
Foreign exchange gain	65	1	292
Income (loss) before taxes	6,597	3,453	(397)
Provision for income taxes (Note 9)	(2,449)	(698)	(159)
Net income (loss)	$ 4,148	$ 2,755	$ (556)
Basic income per share (Note 8)			
Net income (loss) per share	$ 0.39	$ 0.29	$ (0.08)
Weighted average number of shares outstanding	10,650,807	9,559,411	7,175,882
Fully diluted income per share (Note 8)			
Net income (loss) per share	$ 0.37	$ 0.24	$ (0.08)
Weighted average number of shares outstanding	12,880,287	11,657,438	7,175,882

The accompanying notes are an integral part of these consolidated financial statements.

JetForm Corporation

(In Thousands of Canadian Dollars Except Share Amounts)	*Number of Shares Issued and Outstanding* Common	Preference	*Stated Value of Common Stock*	*Stated Value of Preference Stock*	*Stated Value of Total Capital Stock*	*Retained Earnings (Deficit)*	*Total Shareholders' Equity*
Balance as at April 30, 1993	6,862,457	—	$ 7,286	$ —	$ 7,286	$ 51	$ 7,337
Private placement	900,000	—	11,826	—	11,826	—	11,826
Exercise of stock options	83,106	—	21	—	21	—	21
Net loss for the year	—	—	—	—	—	(556)	(556)
Balance as at April 30, 1994	7,845,563	—	19,133	—	19,133	(505)	18,628
Issued to Moore Corporation Limited	—	2,263,782	—	24,823	24,823	—	24,823
Exercise of stock options	294,191	—	483	—	483	—	483
Net income for the year	—	—	—	—	—	2,755	2,755
Balance as at April 30, 1995	8,139,754	2,263,782	19,616	24,823	44,439	2,250	46,689
Issuance of Common Shares pursuant to acquisitions	628,476	—	13,353	—	13,353	—	13,353
Exercise of stock options	468,783	—	2,843	—	2,843	—	2,843
Net income for the year	—	—	—	—	—	4,148	4,148
Balance as at April 30, 1996	9,237,013	2,263,782	$ 35,812	$ 24,823	$ 60,635	$ 6,398	$ 67,033

The accompanying notes are an integral part of these consolidated financial statements.

(In Thousands of Canadian Dollars)	*Year Ended April 30,* 1996	1995	1994
Cash Provided from (used in)			
Operating activities			
Net income (loss)	$ 4,148	$ 2,755	$ (556)
Items not involving cash:			
Depreciation and amortization	3,824	1,196	373
Deferred income taxes	566	411	—
Net change in operating components of working capital (Note 12)	(7,242)	(7,154)	(1,541)
	1,296	(2,792)	(1,724)
Investing activities			
Net (purchase) redemption of marketable securities	5,980	(2,143)	(829)
Non-cash assets acquired on purchase of subsidiaries	(16,349)	(1,427)	(1,109)
Net purchase of fixed assets	(6,919)	(2,679)	(587)
Increase in other assets	(3,464)	(1,691)	(1,596)
	(20,752)	(7,940)	(4,121)
Financing activities			
Proceeds from issuance of shares	16,196	25,306	11,847
Repayment of long term debt and notes payable	—	(246)	(548)
Deferred payment on purchase of asset	692	—	—
	16,888	25,060	11,299
Effect of exchange rate fluctuations	—	—	(334)
Increase (decrease) in cash and cash equivalents	$ (2,568)	$ 14,328	$ 5,120

The accompanying notes are an integral part of these consolidated financial statements.

1. Significant Accounting Policies

(a) Basis of presentation These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). These principles also conform in all material respects with accounting principles generally accepted in the United States ("U.S. GAAP"), except as described in Note 15, and include all assets, liabilities, revenues and expenses of JetForm Corporation ("JetForm") and its wholly-owned subsidiaries JetForm Corporation (a Delaware corporation), DVS Communications, Inc. ("DVS"), JetForm Pacific Pty. Ltd. ("JetForm Pacific"), JetForm Scandinavia AB ("JetForm Scandinavia"), JetForm France S.A. ("JetForm France"), JetForm UK Limited ("JetForm U.K."), Eclipse Corporation ("Eclipse") and Proactive Systems Limited ("Proactive"). JetForm and its wholly-owned subsidiaries are collectively referred to herein as the "Company".

(b) Nature of operations The Company is an electronic forms and work flow automation solution provider. The Company has developed products that design, fill, transmit, print and manage forms. Organizations use the Company's technology to replace existing pre-printed form processes with electronic forms-based client/server solutions.

The Company sells its products and services internationally through multiple channels which include direct sales to end users, joint marketing alliances with resellers including value-added resellers ("VARs"), system integrators, hardware and software vendors ("OEMs") and arrangements with distributors which resell products primarily to dealers and other retailers. During the year ended April 30, 1996 approximately 36% of the Company's total revenue was from geographic regions other than the Americas.

(c) Use of estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(d) Revenue recognition Revenue from packaged software is recognized when goods are shipped to customers. Site license fees are recognized upon agreement and delivery of the Company's products. Revenues from irrevocable commitments to purchase products are recognized at the time the Company has fulfilled its material obligations relating to the commitment and there is reasonable assurance of collection. Revenues from irrevocable commitments to purchase products with payment terms exceeding the Company's customary trade terms are recorded at the amount receivable less deemed interest. The Company amortizes the difference between the face value of the receivable and the discounted amount over the term of the receivable and records the discount as interest income.

Revenue from software product licenses which include significant customization and revenue from services are recognized on a percentage of completion basis, whereby revenue is recorded at the estimated realizable value of work completed to date. Estimated losses on contracts are recognized when they become known. Work in process represents consulting work performed under contract and not yet billed. Revenue from maintenance agreements is recognized ratably over the term of the agreement. Unearned revenue represents payments received from customers for services not yet performed.

(e) Investment tax credits Investment tax credits ("ITCs"), which are earned as a result of qualifying research and development expenditures, are recognized when the expenditures are made and their realization is reasonably assured, and are applied to reduce costs and expenses in the year.

(f) Capital assets Capital assets are recorded at cost. Depreciation and amortization are calculated using the following rates and bases. Depreciation and amortization on assets directly related to research and development activities are charged to research and development expense. Depreciation and amortization on assets not directly related to research and development activities are charged to depreciation and amortization expense.

Computer equipment	30% declining balance
Software	30% declining balance
Furniture and fixtures	20% declining balance
Software licenses and purchased rights to improve, market and/or distribute products	Straight-line over the lesser of the life of the license or right and 15 years
Leasehold improvements	Straight-line over the term of the lease
Other assets	Straight-line or declining balance over the useful life of the asset

(g) Goodwill Goodwill, which represents the purchase price paid for an acquired business in excess of the values assigned to identifiable assets, is amortized on a straight-line basis over its expected useful life. In general, goodwill is expected to have a useful life of seven years.

On an ongoing basis management reviews the valuation of goodwill, taking into consideration any events and circumstances which might cause management to revise the term over which goodwill related to a particular acquisition is amortized.

(h) Software and software development costs Computer software purchased by the Company is recorded as fixed assets when acquired. Costs related to the development of proprietary software are expensed as incurred unless the costs relate to technically feasible and complete products and can reasonably be regarded as assured of recovery through future revenues in which case the costs are deferred and amortized on a straight-line basis over the useful life of the product, which generally does not exceed three years.

(i) Foreign currency translation The operations of the subsidiaries are considered integrated in that they are financially dependent on the parent company. The accounts of these operations are translated into Canadian dollars using current rates of exchange for unhedged monetary assets and liabilities, historical rates of exchange for non-monetary assets and liabilities and the average rates of exchange for the year for revenues and expenses, except depreciation and amortization which is translated at historical rates of exchange. Net monetary assets which are effectively hedged are translated at the rate of the hedge contract. Gains or losses on translation including realized and unrealized gains or losses on hedge contracts are included in income when they arise.

(j) Cash equivalents and marketable securities Cash equivalents are defined as liquid investments which have a term to maturity at the time of purchase of less than ninety days. Marketable securities are carried at cost which approximates market value.

2. Accounts Receivable

Accounts receivable is net of an allowance for doubtful accounts of $462,000 at April 30, 1996 and $318,500 at April 30, 1995.

The Company records accounts receivable from irrevocable commitments as non current to the extent that management estimates payment will be received more than one year from the balance sheet date. Payment of these irrevocable commitments is generally due the earlier of: (i) delivery or installation of the Company's products by the customer to its customers or end users; and (ii) specific dates in the license agreements for minimum payment amounts ("Minimum Payment Dates"). As at April, 30, 1996 total accounts receivable with Minimum Payment Dates exceeding one year was approximately $5,100,000 of which management estimates approximately $2,800,000 will be received within one year.

The Company records revenues from irrevocable commitments to purchase products with Minimum Payment Dates exceeding the Company's customary trade terms at the amount receivable less deemed interest. The Company uses a discount rate equal to its current investment return at the time the revenue is recorded. For the year ended April 30, 1996 the average discount rate used was 4.75%.

3. Fixed Assets

	April 30, 1996			April 30, 1995
(In Thousands of Canadian Dollars)	*Cost*	*Accumulated Depreciation and Amortization*	*Net Book Value*	*Net Book Value*
Computer equipment	$ 7,444	$ 2,650	$ 4,794	$ 2,018
Furniture and fixtures	1,481	388	1,093	789
Software	3,028	377	2,651	389
Leasehold improvements	1,065	155	910	261
Total fixed assets	$13,018	$3,570	$ 9,448	$ 3,457

The cost of fixed assets at April 30, 1995 was $5,314,000 and accumulated depreciation and amortization was $1,857,000.

4. Other Assets

	April 30, 1996			April 30, 1995
(In Thousands of Canadian Dollars)	*Cost*	*Accumulated Amortization*	*Net Book Value*	*Net Book Value*
Goodwill	$ 6,295	$ 319	$ 5,976	$ 450
Licenses, marketing and distribution rights	15,792	1,032	14,760	3,483
Deferred and acquired research and development costs	2,362	80	2,282	95
Other assets	2,523	1,396	1,127	1,376
Total other assets	$26,972	$2,827	$24,145	$ 5,404

The cost of other assets at April 30, 1995 was $6,089,000 and accumulated amortization was $685,000.

5. RESEARCH AND DEVELOPMENT EXPENSE

The following table provides a summary of development costs deferred and the amount of related amortization charged to cost of product in the years ended April 30, 1996, 1995 and 1994.

(In Thousands of Canadian Dollars)	*Year Ended April 30,* 1996	1995	1994
Gross research and development costs	$ 6,855	$ 2,839	$ 1,445
Deferred development costs	(2,050)	(95)	—
Net research and development costs	$ 4,805	$ 2,744	$ 1,445
Amortization of development costs charged to cost of product	$ 80	$ —	$ —

6. CREDIT FACILITY

Subsequent to April 30, 1996, the Company negotiated an uncommitted $10,000,000 revolving line of credit with a Canadian bank. The Company has granted as collateral for the $10,000,000 line of credit a general security agreement over JetForm's assets, including a pledge of the shares of certain subsidiaries. Maximum borrowings under the facility are based on eligible accounts receivable and bear interest at the prime rate from time to time. Had the credit facility been in place on April 30, 1996 the maximum amount the Company could have borrowed under the terms of the facility would have been $10,000,000.

During fiscal 1995 the Company terminated a $1,000,000 revolving line of credit it had established in December 1992.

7. CAPITAL STOCK

The authorized capital stock of the Company consists of an unlimited number of Common Shares ("Common Shares") and 2,263,782 Convertible Preference Shares ("Preference Shares").

On November 22, 1993, the Board of Directors approved a 50% stock dividend, which has been accounted for as a 3 for 2 share split. All per share amounts, and numbers of Common Shares, warrants and options in these consolidated financial statements have been restated to give retroactive effect to this split for all periods presented.

On January 6, 1994 the Company consummated a private placement of 1,350,000 Common Shares to qualified investors in both Canada and the United Kingdom for a price of US$10.67 per share. The Common Shares sold consisted of 900,000 treasury shares and 450,000 shares sold by certain of the Company's Directors. The Company received no proceeds from the sale of Common Shares by these Directors. The Common Shares offered have not been registered under the United States Securities Act of 1933.

On August 11, 1994 the Company concluded an investment agreement (the "Investment Agreement") and an Option Agreement (the "Option Agreement") with Moore Corporation Limited ("Moore"). Pursuant to the Investment Agreement, for consideration of US$18,676,201 the Company issued to Moore 2,263,782 Preference Shares of the Company convertible into an equal number of Common Shares.

On August 11, 1994 the Company also issued to Moore options to purchase up to an additional 7,726,375 Common Shares (the "Control Options") exercisable at US$15.00 per share as at April 30, 1996, and an option to acquire 178,750 Common Shares at an exercise price of US$8.25 per share, which expires on August 11, 1999 (the "Special Options"). In accordance with certain antidilution provisions of the Investment Agreement, Moore was granted an additional 116,216 options exercisable at US$16.50 per share as a result of the business combination with Proactive (the "Anti-dilution Options") (see Note 14 "Businesses Acquired").

On June 27, 1996 the Company completed an agreement with Moore under which a subsidiary of the Company purchased the Control Options (see Note 17 "Subsequent Event").

On February 13, 1996 the Company acquired all of the issued and outstanding common shares of Eclipse in exchange for 262,347 Common Shares of the Company having a stated value of $5.12 million.

On March 31, 1996 the Company acquired all of the issued and outstanding voting shares of Proactive in exchange for 341,471 Common Shares of the Company having a stated value of $7.68 million. Concurrent with the acquisition of Proactive, Proactive redeemed certain of its nonvoting shares. The holders of these shares then subscribed for an additional 24,658 Common Shares of the Company for cash consideration of approximately $550,000.

The Company has stock options issued under three employee stock option plans. Substantially all of the options issued under the three employee stock option plans have been registered with the Securities Exchange Commission. All options granted under the plans are exercisable as follows: 12 months after the date of grant, one-third of the shares covered become exercisable, an additional one-third of the option shares become exercisable on each successive anniversary date with full vesting occurring on the third anniversary date. All options expire five years from the original date of grant.

The following table presents the numbers of options and warrants outstanding and exercisable, and the weighted average exercise price.

	1995 Plan	*1993 Plan*	*1990 Plan*	*Underwriter's Warrants*	*Moore Special Options*	*Moore Antidilution Options*	*Moore Control Options*	*Other Options and Warrants*	*Total*
Number of outstanding options and warrants									
Balance as at April 30, 1993	—	72,781	529,003	150,000	—	—	—	482,647	1,234,431
Grants	—	672,250	—	—	—	—	—	20,000	692,250
Cancellations and forfeitures	—	—	(19,000)	—	—	—	—	(5,512)	(24,512)
Exercises	—	—	(28,618)	—	—	—	—	(54,488)	(83,106)
Balance as at April 30, 1994	—	745,031	481,385	150,000	—	—	—	442,647	1,819,063
Grants	—	471,250	—	—	178,750	—	7,726,375	40,000	8,416,375
Cancellations and forfeitures	—	(62,462)	(17,509)	—	—	—	—	(6,008)	(85,979)
Exercises	—	(35,518)	(143,645)	—	—	—	—	(115,028)	(294,191)
Balance as at April 30, 1995	—	1,118,301	320,231	150,000	178,750	—	7,726,375	361,611	9,855,268
Grants	524,384	65,000	—	—	—	116,216	—	20,000	725,600
Cancellations and forfeitures	(7,396)	(32,004)	(4,992)	—	—	—	—	(3,614)	(48,006)
Exercises	(128)	(222,842)	(101,898)	(52,045)	—	—	—	(91,870)	(468,783)
Balance as at April 30, 1996	516,860	928,455	213,341	97,955	178,750	116,216	7,726,375	286,127	10,064,079
Weighted average exercise price as at April 30, 1996	$15.26	$ 7.55	$ 1.72	$ 5.20	$ 8.25	$16.50	$15.00	$ 2.76	$13.43
Number of exercisable options and warrants									
As at April 30, 1994	—	24,094	312,610	—	—	—	—	332,646	669,350
As at April 30, 1995	—	240,272	324,481	150,000	178,750	—	—	251,610	1,145,113
As at April 30, 1996	—	384,270	213,349	97,955	178,750	—	—	246,118	1,120,442

8. EARNINGS PER SHARE

The Preference Shares are treated as Common Share equivalents for purposes of the earnings per share computation.

The Control Options have not been included in the computation of weighted average number of shares outstanding as the effect of their exercise, assuming an imputed interest rate of 5%, would be antidilutive.

9. INCOME TAXES

As at April 30, 1996, the Company had unclaimed Scientific Research and Experimental Development ("SR & ED") expenditures and loss carryforwards of approximately $2,000,000 in Canada. As at April 30, 1995, the Company had tax loss carryforwards of US$600,000 in the United States and unclaimed SR & ED expenses of $1,900,000 in Canada. As at April 30, 1996, no benefit of these carryforwards has been recognized in the accounts.

The unclaimed SR & ED expenses may be carried forward indefinitely and may be claimed at any time as long as the Company is carrying on qualifying SR & ED in the year the expenses are claimed. The loss carryforwards will expire beginning in the year 2002.

The Company operates in several tax jurisdictions. Its income is subject to varying rates of tax, and losses incurred in one legal entity cannot be used to offset income taxes payable in another. A reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective income tax rate is as follows:

(In Thousands of Canadian Dollars)	*Year Ended April 30,* 1996	1995	1994
Expected statutory rate (recovery)	44%	44%	(44%)
Expected provision for (recovery of) income tax	$ 2,922	$ 1,530	$ (175)
Effect of foreign tax rate differences	(241)	(37)	(31)
Benefit of losses not recognized	190	190	392
Realized benefit of prior years' losses and SR & ED carryforwards	(572)	(870)	(57)
Other items	150	(115)	30
Provision for income taxes	$ 2,449	$ 698	$ 159
Effective tax rate	37%	20%	40%

10. Related Party Transactions

During the year ended April 30, 1996, the Company recorded $9,072,000 of revenue from Moore. For the years ended April 30, 1995 and 1994 revenues from Moore were $4,433,000 and $172,000 respectively.

As at April 30, 1996 the Company had a balance of $4,105,000 due from Moore of which approximately $2,720,000 related to Moore's commitment to purchase product. The balance represents product purchased by Moore for internal use and the value of work completed for customized software projects and training.

During the year ended April 30, 1996 the Company agreed to acquire Moore's DocuMASter™ electronic forms management system ("DocuMASter") in exchange for a commitment by the Company to perform future research and development. The value assigned to the acquired asset was $1,300,000, the amount of the commitment to perform research and development. As at April 30, 1996 the Company had performed approximately $600,000 of research and development related to this commitment. Under the agreement Moore will receive a royalty on all sales of the DocuMASter product by the Company and Moore, and on sales of maintenance and related services by Moore.

On March 17, 1994, the Company and DVS entered into an agreement under which the Company paid DVS a one-time fee of $1,500,000, in consideration for an exclusive five year right to improve, market and distribute DVS' multimedia training programs. DVS was controlled by a director of the Company at that time.

11. Commitments

The Company is committed under certain operating leases for rental of office premises and equipment as follows:

Years Ending April 30,	
1997	$ 2,420,000
1998	1,795,000
1999	1,748,000
2000	1,513,000
2001 and beyond	2,395,000

12. Net Change in Operating Components of Working Capital

The net change in operating components of working capital is comprised of:

	Year Ended April 30,		
(In Thousands of Canadian Dollars)	*1996*	*1995*	*1994*
Increase in:			
Accounts receivable	$ (10,465)	$ (3,013)	$ (1,405)
Due from Moore Corporation Limited	(867)	(3,238)	—
Work in process	(434)	(479)	(160)
Inventory	(314)	(49)	(57)
Prepaid expenses and deferred charges	(1,197)	(231)	(105)
Investment tax credits recoverable	(891)	(752)	(279)
Increase (decrease) in:			
Accounts payable	3,286	(219)	(302)
Accrued liabilities	1,941	942	246
Unearned revenue	1,699	(115)	521
	$ (7,242)	$ (7,154)	$ (1,541)

13. Segmented Information

The Company operates in only one industry segment being the development and marketing of software products and computer consulting. Sales and identifiable assets by geographic region were as follows:

	Year Ended April 30, 1996			
(In Thousands of Canadian Dollars)	*Americas*	*Pacific Rim*	*Europe*	*Total*
Revenue				
Product	$ 17,847	$ 2,548	$ 11,205	$ 31,600
Service	10,017	708	1,130	11,855
	27,864	3,256	12,335	43,455
Income before undernoted	$ 12,210	$ 550	$ 5,874	18,634
Other expenses				(13,503)
Interest and foreign exchange				1,466
Income taxes				(2,449)
Net income				$ 4,148
Identifiable assets	$ 71,259	$ 4,162	$ 8,380	$ 83,801

(In Thousands of Canadian Dollars)	*Year Ended April 30, 1995* Americas	Pacific Rim	Europe	Total
Revenue				
Product	$ 13,956	$ 913	$ 2,315	$ 17,184
Service	8,018	772	35	8,825
	21,974	1,685	2,350	26,009
Income before undernoted	$ 9,001	$ 635	$ 1,400	$ 11,036
Other expenses				(9,157)
Interest and foreign exchange				1,574
Income taxes				(698)
Net income				$ 2,755
Identifiable assets	$ 47,997	$ 1,878	$ 1,776	$ 51,651

(In Thousands of Canadian Dollars)	*Year Ended April 30, 1994* Americas	Pacific Rim	Europe	Total
Revenue				
Product	$ 6,922	$ 1,250	$ 1,740	$ 9,912
Service	2,207	10	—	2,217
	9,129	1,260	1,740	12,129
Income before undernoted	$ 3,360	$ 335	$ 1,100	$ 4,795
Other expenses				(5,711)
Interest and foreign exchange				519
Income taxes				(159)
Net income				$ (556)
Identifiable assets	$19,972	$ 2,578	$ —	$22,550

14. Businesses Acquired

On March 31, 1996 the Company acquired all of the outstanding voting shares of Proactive, located in Orpington, Kent, United Kingdom, (including the wholly-owned subsidiary of Proactive, Proactive Systems, Inc. located in Los Altos, California), a distributor of electronic forms software, in exchange for 341,471 Common Shares of the Company having a stated value of $7,680,000. The operating results of Proactive since March 31, 1996 are included in the consolidated net income for the year ended April 30, 1996. This acquisition has been accounted for using the purchase method. In addition to the consideration paid for Proactive, the Company has estimated that reorganization costs of approximately $1,400,000 will become payable in the year ending April 30, 1997 and has provided for these costs as part of the cost of acquisition. The majority of the reorganization costs are for redundancies in facilities and employees. The total consideration paid, including transaction costs, and the net assets acquired were as follows:

(In Thousands of Canadian Dollars)	
Assets acquired:	
Working capital deficiency	$ (277)
Reorganization costs	(1,400)
Fixed assets	600
Other assets	10,116
Total consideration	$ 9,039

JetForm Corporation

On February 13, 1996 the Company acquired all of the outstanding shares of Eclipse, located in Norcross, Georgia, a provider of electronic forms software for the IBM AS/400 platform, in exchange for 262,347 Common Shares of the Company having a stated value of $5,120,000. The operating results of Eclipse since February 13, 1996 are included in the consolidated net income for the year ended April 30, 1996. This acquisition has been accounted for using the purchase method. The total consideration paid, including transaction costs, and the net assets acquired were as follows:

(In Thousands of Canadian Dollars)

Assets acquired:	
Working capital deficiency	$ (199)
Fixed assets	85
Other assets	5,776
Other liabilities assumed	(38)
Total consideration	$ 5,624

The following table presents pro forma financial information as though the acquisitions of Proactive and Eclipse had occurred at the beginning of the year ended April 30, 1995.

(In Thousands of Canadian Dollars, Except per Share Amounts)	*Year Ended April 30,* *1996*	*1995*
Total revenue	$ 51,425	$ 32,972
Income before taxes	5,789	2,444
Net income	3,131	1,629
Basic income per share	$ 0.28	$ 0.16
Fully diluted income per share	$ 0.28	$ 0.13

On June 14, 1995 a French insolvency court accepted an offer from JetForm France to acquire certain assets and assume certain liabilities of the Company's former French distributor. The operating results of JetForm France for the period since June 14, 1995, the date JetForm France commenced operations, have been included in the consolidated net income for the year ended April 30, 1996. This acquisition has been accounted for using the purchase method. The total consideration including fees, net assets acquired, and their assigned values were as follows:

(In Thousands of Canadian Dollars)

Assets acquired:	
Fixed assets	$ 100
Accounts payable	(275)
Distribution rights	1,505
Total consideration	$ 1,330

In January 1995 the Company incorporated JetForm Scandinavia under the laws of Sweden. On February 22, 1995 JetForm Scandinavia acquired certain assets including the right to distribute the Company's products in Scandinavia and assumed certain liabilities from the Company's Swedish distributor, Nordisk LaserKonsult AB of Stockholm, Sweden for total consideration, including costs, of $1,304,000. This acquisition was accounted for using the purchase method. The total consideration paid, net assets acquired and assigned values were as follows:

(In Thousands of Canadian Dollars)

Assets acquired:	
Working capital	$ 312
Fixed assets	76
Distribution rights	916
Total consideration	$ 1,304

On February 28, 1994 JetForm Pacific acquired Indigo Pacific Pty Limited's operations relating to the distribution of the Company's products and services in the Pacific Rim for cash consideration of $493,000 plus expenses and contingent consideration of $1,100,000. This acquisition was accounted for using the purchase method. The total consideration paid, net assets acquired and assigned values were as follows:

(In Thousands of Canadian Dollars)

Assets acquired:	
Distribution rights	$ 1,631
Liabilities assumed	(641)
Total consideration–cash	$ 990

On March 31, 1994 the Company acquired all the voting shares of DVS for a total cash consideration plus expenses of $84,000. DVS is a provider of multimedia products and training services. This acquisition was accounted for using the purchase method. The total consideration paid, net assets acquired and assigned values were as follows:

(In Thousands of Canadian Dollars)

Assets acquired:	
Working capital deficiency	$ (724)
Fixed and other assets	422
Long term liabilities–capital lease obligations	(139)
Goodwill	525
Total consideration–cash	$ 84

Prior to this acquisition, the Company paid DVS a one-time fee of $1,500,000 for the right to improve, market, and distribute DVS products outside Canada for a period of five years.

15. United States Accounting Principles

The following table reconciles net income (loss) for the periods indicated as reported in the consolidated statements of operations to the net income (loss) that would have been reported had the consolidated financial statements been prepared in accordance with U.S. GAAP:

	Year Ended April 30,		
(In Thousands of Canadian Dollars)	*1996*	*1995*	*1994*
Net income (loss) reported	$ 4,148	$ 2,755	$ (556)
Adjustment			
Settlement of legal proceedings *(1)*	—	—	(140)
Net income (loss) in conformity with U.S. GAAP	$ 4,148	$ 2,755	$ (696)
Primary income (loss) per share *(2)*	$ 0.35	$ 0.25	$ (0.10)
Fully diluted income (loss) per share *(3)*	$ 0.34	$ 0.24	$ (0.10)

(1) Under U.S. GAAP, this settlement recorded as a prior period adjustment under Canadian GAAP, would have been charged against current year earnings.
(2) Under U.S. GAAP weighted average outstanding shares for the years ended April 30, 1994, 1995 and 1996 were 7,175,882, 11,126,756 and 11,928,537 respectively.
(3) Under U.S. GAAP weighted average outstanding shares for the years ended April 30, 1994, 1995 and 1996 were 7,175,882, 11,527,240 and 12,137,946 respectively.

The following table provides summary consolidated balance sheet information that would have been reported in the consolidated balance sheets had the consolidated financial statements been prepared in accordance with U.S. GAAP:

	April 30,	
(In Thousands of Canadian Dollars)	*1996*	*1995*
Current assets	$ 45,949	$ 42,790
Non current assets, excluding other assets	13,707	3,457
Other assets	29,223	5,404
	$ 88,879	$ 51,651
Current liabilities, excluding deferred taxes	$ 15,791	$ 4,551
Current deferred tax	442	260
	16,233	4,811
Deferred income taxes	5,613	151
Shareholders' equity		
Capital stock	61,419	45,223
Retained earnings	5,614	1,466
	$ 88,879	$ 51,651

As part of an acquisition completed during the year ended April 30, 1996, the Company purchased certain marketing and distribution rights which are being amortized over a period not exceeding 15 years. These marketing and distribution rights are not deductible for tax purposes. Under FAS 109 these rights are accounted for as a temporary difference and result in a deferred tax liability which will be drawn down over the life of the asset.

On the Consolidated Statement of Cash Flows non-cash investing and financing activities relating to DocuMASter are not considered an investing or a financing activity under U.S. GAAP. Under U.S. GAAP the issuance of common shares pursuant to the acquisitions of Eclipse and Proactive is not considered a financing activity. For the year ended April 30, 1996 the Company would have reported cash used in investing activities of $6,707,000 and cash provided from financing activities of $2,843,000.

In 1997 the Company will adopt SFAS No. 123 "Accounting for Stock-Based Compensation". This standard establishes a fair value method for accounting for stock-based compensation plans either through recognition or disclosure. The Company intends to adopt this standard by disclosing the pro forma net income and earnings per share amounts assuming the fair value method was adopted May 1, 1996. The adoption of this standard will not impact the Company's results of operations, financial position or cash flows.

16. Foreign Exchange Gains and Losses

At April 30, 1996 the Company had forward contracts outstanding to sell US$17,500,000 at a weighted average rate of $1.3682 per US$. This amount approximates the Company's US$ net monetary assets. All realized and unrealized foreign exchange gains and losses have been recognized in these consolidated financial statements.

As at April 30, 1995, the Company had forward contracts outstanding to sell US$8,500,000 at a weighted average rate of $1.3784 per US$.

17. Subsequent Event

On June 27, 1996, the Company completed an agreement with Moore under which a subsidiary of the Company purchased the Control Options in consideration for US$34,000,000, paid for by the issuance by the Company to Moore of 1,813,334 Common Shares. Moore also disposed of 907,000 of its Preference Shares to third parties and is obligated to dispose of an additional 906,334 of its Preference Shares to third parties by September 30, 1996 which will result in Moore holding 1,813,334 Common Shares, 450,448 Preference Shares, 178,750 Special Options and 116,216 Anti-dilution Options or approximately 16% of all common share equivalents then outstanding on a fully diluted basis. Moore has given notice to the Company that it is exercising its 178,750 Special Options. The third party purchasers of the Preference Shares have converted them into 907,000 Common Shares.

To the Shareholders of JetForm Corporation

We have audited the consolidated balance sheets of JetForm Corporation as at April 30, 1996 and 1995 and the consolidated statements of operations, shareholders' equity and cash flows for the years ended April 30, 1996, 1995 and 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 1996 and 1995 and the results of its operations and the changes in its cash flows for the years ended April 30, 1996, 1995 and 1994 in accordance with accounting principles generally accepted in Canada.

Coopers & Lybrand

Chartered Accountants
Ottawa, Canada
July 23, 1996

Introduction

The following discussion provides a comparative analysis of material changes in the financial condition and results of operations of JetForm Corporation ("JetForm") and its wholly-owned subsidiaries JetForm Corporation (a Delaware corporation), DVS Communications Inc. ("DVS"), JetForm Pacific Pty. Limited ("JetForm Pacific"), JetForm Scandinavia AB ("JetForm Scandinavia"), JetForm France S.A. ("JetForm France"), JetForm UK Limited ("JetForm U.K."), Eclipse Corporation ("Eclipse") and Proactive Systems Limited and its subsidiary and associated companies ("Proactive") for the years ended April 30, 1996, 1995 and 1994. JetForm and its wholly-owned subsidiaries are collectively referred to herein as the "Company". This discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Variability of Operating Results

The Company's revenues and operating results have varied substantially from period to period and the Company has historically experienced some seasonality in its business. Historically, the Company, with the exception of its consulting services operation, has operated with little backlog of orders because its software products are generally shipped as orders are received and the Company has fulfilled its material obligations relating to any commitment under irrevocable commitments to purchase products. As a result, product revenues in any period are substantially dependent on orders booked and shipped in that period and on the receipt of irrevocable commitment licenses. Product revenues are difficult to forecast due to the fact that the Company's sales cycle, from initial trial to multiple copy licenses, varies substantially from customer to customer. As a result, small variations in the timing of product sales can cause significant variations in operating results from period to period.

Results of Operations

Revenues

	Year Ended April 30,			Period to Period Increase	
(In Thousands of Canadian Dollars)	*1996*	*1995*	*1994*	*1995 to 1996*	*1994 to 1995*
Product	$ 31,600	$ 17,184	$ 9,912	84%	73%
Services and Funded Research and Development	11,855	8,825	2,217	34%	298%
Total revenues	$ 43,455	$ 26,009	$12,129	67%	114%

During the year ended April 30, 1996, the Company experienced significant product revenue growth in almost all geographic areas and channels in which it operates. This growth is a result of the general growth in the market for electronic forms software, the Company's continued investment in its sales, marketing and management infrastructure, acceptance of the JetForm products including those released during the year ended April 30, 1996, the Company's success in signing several large irrevocable commitment licenses, strategic acquisitions and the Company's relationship with Moore Corporation Limited ("Moore").

The following table provides details of product revenue by geographic segment and, within Canada and the United States of America, by distribution channel.

	Year Ended April 30,			Period to Period Increase	
(In Thousands of Canadian Dollars)	*1996*	*1995*	*1994*	*1995 to 1996*	*1994 to 1995*
Product revenue by region:					
United States and Canada	$ 17,629	$ 12,770	$ 6,691	38%	91%
Europe	11,205	2,315	1,740	384%	33%
Pacific Rim	2,548	913	1,250	179%	(27%)
Mexico, Central and South America	218	1,186	231	(82%)	413%
Total product revenue by region	$ 31,600	$ 17,184	$ 9,912	84%	73%
Product Sales by channel in the United States and Canada:					
Reseller and OEM	$ 6,768	$ 4,833	$ 3,009	40%	61%
End user	5,143	6,357	3,510	(19%)	81%
Moore	5,718	1,580	172	262%	819%
Total product sales by channel in the United States and Canada	$ 17,629	$ 12,770	$ 6,691	38%	91%

Product revenue in the United States and Canada for the year ended April 30, 1996 increased $4.9 million over the year ended April 30, 1995, primarily as a result of increased revenues from Moore and increased revenues from Resellers and OEMs. Product revenue in the United States and Canada for the year ended April 30, 1995 was $6.1 million higher than the year ended April 30, 1994.

Reseller and OEM revenues in the United States and Canada during the year ended April 30, 1996 were approximately $1.9 million higher than during the year ended April 30, 1995. During the year ended April 30, 1996 the Company concluded a license for approximately $2.9 million with a major American computer manufacturer to bundle JetForm Server with certain products licensed primarily to banks and other financial institutions. During the year ended April 30, 1996, the Company also concluded agreements with a North American provider of software for electronic commerce and electronic data interchange and with a major American distributor. Reseller and OEM revenues for the year ended April 30, 1995 were approximately $1.8 million higher than the year ended April 30, 1994.

Direct sales to end users in the United States and Canada decreased approximately $1.2 million during the year ended April 30, 1996. During the year ended April 30, 1995, the Company recorded revenue of over $1.3 million from a license agreement with a U.S. financial institution. During the year ended April 30, 1996 revenue from the largest product license to an end user customer in the United States and Canada was approximately $400,000.

The Company has strengthened its market position in Europe by expanding its distributor network, establishing JetForm Scandinavia in February 1995, JetForm France in June 1995, JetForm U.K. in February 1996, and acquiring Proactive in March 1996. During the year ended April 30, 1996, the Company recorded product revenues from these subsidiaries of approximately $3.9 million including revenue of approximately $680,000 from a license agreement with a large hotel and restaurant chain based in France. During the year ended April 30, 1996, the Company also recorded license revenues from a large Finnish multinational systems integrator of approximately $3.1 million, a major Finnish bank of approximately $616,000, a Swiss bank for approximately $890,000, a major German multinational manufacturer of approximately $540,000 and a large German bank of approximately $400,000. For the years ended April 30, 1995 and April 30, 1994, the Company recorded revenues from its European subsidiaries of approximately $640,000 and $nil respectively.

The Company is currently in the process of organizing a subsidiary in Germany.

Pacific Rim product revenues were approximately $1.6 million higher in the year ended April 30, 1996 than the year ended April 30, 1995, primarily due to approximately $1.2 million of revenue from a license agreement with a major Australian bank.

The Company did not have significant revenues from Mexico, Central and South America during the year ended April 30, 1996. During the year ended April 30, 1995, the Company concluded license agreements with Mexican financial institutions for approximately $1.0 million.

Product revenues for the year ended April 30, 1996 include $2.7 million accrued against Moore's calendar year 1996 commitment to purchase JetForm software for resale and $2.5 million relating to previous years' commitments under the strategic alliance.

On June 27, 1996, the Company and Moore completed the restructuring of their strategic alliance formed in August, 1994. Pursuant to the restated Strategic Alliance Agreement, Moore has given up its exclusive marketing rights in certain vertical markets but has retained certain exclusive marketing rights to 60 named accounts (the "Named Accounts") and non-exclusive marketing and distribution rights to all markets worldwide. Under the restated strategic alliance, Moore has reduced its commitment to make purchases of the Company's products for resale by Moore or to make payments to the Company in lieu thereof. For calendar 1996 Moore has committed to a minimum purchase for resale of US$3.75 million, and a further commitment of US$1.0 million in each of calendar years 1997, 1998 and 1999, subject to cancellation by Moore within certain notice periods. In the event of cancellation, Moore automatically relinquishes its exclusivity over the Named Accounts.

The Company has recorded total revenues from Moore of approximately $9.1 million for the year ended April 30, 1996. Due to the restructuring of the strategic alliance agreement with Moore, it is likely that the level of revenue derived from Moore will decline and there can be no assurance that the Company will be successful in marketing and selling its products in order to replace this reduction in revenue. For the years ended April 30, 1995 and April 30, 1994, the Company recorded total revenues from Moore of $4.4 million and $172,000 respectively.

Services and funded research and development revenues for the year ended April 30, 1996 amounted to $11.9 million which was 34% greater than in the corresponding period of the previous year. The increases are primarily attributable to the expansion in the Company's consulting business, increased revenues from customer support activities and an increase in the delivery of services to Moore, primarily for Moore's internal use as a result of the strategic alliance.

On October 30, 1995 the Company announced its plans to offer its forms technology on the Web. The Company did not record any significant revenues as a result of its Web strategy for the fiscal year ended April 30, 1996.

Costs and Expenses

	Year Ended April 30,			*Year Ended April 30,*			*Year Ended April 30,*		
	1996	*1995*	*1994*	*1996*	*1995*	*1994*	*1996*	*1995*	*1994*
	(In Thousands of Canadian Dollars)			*(As a % of Product Revenue)*			*(As a % of Total Revenue)*		
Cost of product revenues	$ 2,491	$ 1,246	$ 466	7.9%	7.3%	4.7%	5.7%	4.8%	3.8%
Sales and marketing	16,697	8,592	5,469	52.8%	50.0%	55.2%	38.4%	33.0%	45.1%
Research and development	4,805	2,744	1,445	15.2%	16.0%	14.6%	11.1%	10.6%	11.9%
	23,993	12,582	7,380						
				(As a % of Service Revenue)					
Costs of services	6,125	6,168	2,342	51.7%	69.9%	105.6%	14.1%	23.7%	19.3%
Investment tax credits	(900)	(855)	(268)				(2.1%)	(3.3%)	(2.2%)
Depreciation and amortization	3,593	1,196	373				8.3%	4.6%	3.1%
General and administrative	5,513	5,039	3,218				12.7%	19.4%	26.5%
Total costs and expense	$ 38,324	$ 24,130	$ 13,045				88.2%	92.8%	107.5%

Cost of product revenues consist of third party commissions, the costs of disks, manuals, packaging, freight, royalty payments to vendors whose software is bundled with certain JetForm products, and amortization of deferred product development costs. The increase in the cost of product revenues for the year ended April 30, 1996 is primarily attributable to the increase in the volume of business, including commissions to German distributors, as a result of the license agreements reached with a large German multinational manufacturer and a German bank and a commission to the Company's Finnish distributor, as a result of the license agreement with a Finnish bank.

The growth in sales and marketing expenses is primarily attributable to growth in North American sales and marketing personnel. During the year ended April 30, 1996, the Company increased its North American sales and marketing staff by 135%. Sales and marketing expenses also grew by approximately $1.7 million during the year ended April 30, 1996, as a result of the establishment of subsidiaries in France and the United Kingdom and the acquisitions of Proactive and Eclipse. The Company expects to continue expanding its worldwide direct and indirect sales force and marketing staff.

Research and development expenses include personnel and occupancy costs as well as the costs of software development, testing, product management, quality assurance and documentation. Personnel expenses, including consultants and subcontractors, accounted for approximately 85% of these expenses. Research and development expenditures before capitalization of software development costs, were 21% of product revenue in the year ended April 30, 1996, and 17% and 15% of product revenue for the years ended 1995 and 1994 respectively. During the year ended April 30, 1996, the Company capitalized approximately $2.0 million of software development

costs. During the year ended April 30, 1995, the Company capitalized approximately $95,000 of software development costs. Before considering the impact of the capitalization of software development costs, research and development expenditures increased 141% in the year ended April 30, 1996 over the year ended April 30, 1995. For the year ended April 30, 1995, research and development expenditures increased 96% over the year ended April 30, 1994. The Company believes that research and development expenditures are essential to maintain its competitive market position and expects to continue to spend a significant percentage of annual product revenues on the development of new products and product enhancements.

Cost of services includes all costs of providing technical support, training, custom forms development and application development services. For the year ended April 30, 1996, cost of services did not change significantly from the prior fiscal year primarily due to improved efficiencies in the Company's Multimedia operations. Cost of services increased 163% in the year ended April 30, 1995 over the year ended April 30, 1994.

During the year ended April 30, 1996, the Company recorded a benefit from the recovery of investment tax credits of $900,000, which is recorded as a reduction of costs and expenses. The Company undertakes research and development that qualifies for investment tax credits ("ITCs") which can be applied to reduce the Company's Canadian income taxes payable. Revenue Canada has commenced an audit of the Company's ITCs claimed for the year ended April 30, 1994 and prior years. This audit is part of the normal course of claiming ITCs, and is not an indication of Revenue Canada's satisfaction or dissatisfaction with the Company's claims. If the amount of ITC's allowed under the audit is different than the amount the Company claimed, the Company has the right to appeal any assessment and final settlement of the claim could occur much later. If the total ITCs finally allowed are less than the amounts accrued, then the Company would be required to write off the deficiency when known. The Company believes that the amounts recognized in the financial statements are reasonable and will not be materially adjusted by Revenue Canada. As at June 26, 1996, Revenue Canada had not concluded its audit.

Depreciation and amortization expenses increased to $3.6 million for the year ended April 30, 1996 from $1.2 million for the year ended April 30, 1995 and $373,000 for the year ended April 30, 1994. The increase includes the amortization of approximately $1.2 million of direct response advertising costs related to the Company's BizForms™ product which were deferred in the year ended April 30, 1995. Depreciation and amortization expense also increased due to purchases of leasehold improvements and additional office and computer equipment necessary to support the Company's growth. The Company is also amortizing marketing and distribution rights and goodwill relating to the acquisitions of JetForm Pacific, DVS, JetForm Scandinavia, JetForm France, Eclipse and Proactive. The Company amortizes goodwill and marketing and distribution rights over their expected useful lives. In general, the Company expects goodwill from acquisitions of technology to have a useful life of not more than 7 years, and marketing and distribution rights to have a useful life of not more than 15 years. The Company expects depreciation and amortization to continue to grow in the next year as a result of the expansion of its facilities and amortization of marketing and distribution rights and goodwill.

General and administrative expense as a percentage of total revenue decreased to 13% for the year ended April 30, 1996 from 19% for the year ended April 30, 1995 and 27% for the year ended April 30, 1994. General and administrative expense increased to $5.5 million for the year ended April 30, 1996 from $5.0 million for the year ended April 30, 1995 and $3.2 million for the year ended April 30, 1994 due to increased expenditures on support functions primarily in the management information systems, finance and human resource departments necessary to support the Company's growth.

Other Income

Interest income was $1.4 million for the year ended April 30, 1996, compared to $1.6 million for the year ended April 30, 1995 and $227,000 for the year ended April 30, 1994. The increase in interest income for the years ended April 30, 1996 and 1995 over the year ended April 30, 1994, is due to higher average cash balances available for investment primarily as a result of the issuance of shares to Moore and the exercise of employee stock options (see "Liquidity and Capital Resources").

Foreign Currency Translation

Foreign exchange gains or losses consist of realized and unrealized amounts. Gains or losses are realized when the Company enters into a transaction in a foreign currency but records the transaction in Canadian dollars and experiences a change in the exchange rate of the Canadian dollar against the foreign currency by the time the account is settled. Unrealized gains (or losses) arise from the translation of unhedged balances denominated in foreign currencies at each year end when the Canadian dollar has weakened (or strengthened) against the foreign currencies since the transaction dates. The Company hedges its foreign currency denominated net monetary assets in order to reduce the effect of exchange rate fluctuations on earnings.

It is expected that a significant portion of future revenues, expenses, and net monetary items will continue to be denominated in foreign currencies. As a result, future exchange rate fluctuations will have an effect, either positive or negative, upon the reported results of the Company. Historically the majority of the Company's foreign currency transactions have been in US$. As the Company expands its European and Pacific Rim operations its risk exposure to currencies other than the US$ and Canadian dollar will also increase.

Liquidity and Capital Resources

At April 30, 1996, the Company had $20.2 million of cash and cash equivalents. At April 30, 1995 and 1994, the Company had $22.8 million and $8.4 million of cash and cash equivalents and $6.0 million and $3.8 million of marketable securities, respectively.

On August 11, 1994, as part of the strategic alliance with Moore, Moore acquired 2,263,782 Preference Shares representing approximately 18.5% of the Company's then outstanding Common Shares and Common Share equivalents for net proceeds of approximately $24.8 million. Moore also acquired an option to purchase 178,750 Common Shares of the Company at US$8.25 per share (the "Special Options") along with a conditional option to acquire 7,726,375 Common Shares no later than December 30, 1999 at prices ranging from US$15.00 per share to US$20.00 per share (the "Control Options"). In accordance with certain anti-dilution rights, as a result of the acquisition of Proactive, Moore also acquired an option to acquire 116,216 Common Shares of the Company at US$16.50 per share (the "Anti-dilution Options").

On June 27, 1996 the Company completed an agreement with Moore under which a subsidiary of the Company purchased the Control Options in consideration for US$34.0 million, paid by the issuance by the Company to Moore of 1,813,334 common shares. Simultaneously, Moore disposed of 907,000 of its Preference Shares convertible into an equal number of common shares, to various third party purchasers and will be disposing of an additional 906,334 of its Preference Shares by September 30, 1996, which will result in Moore holding 1,813,334 common shares, 450,448 Preference Shares, 178,750 Special Options and 116,216 Anti-dilution Options, or approximately 16% of all common share equivalents then outstanding on a fully diluted basis. Moore has given notice of exercise to the Company of the Special Options. In the event that the sale of such Preference Shares occurs at a price less than US$18.75 per Preference Share, the Company agreed to pay the amount by which US$18.75 exceeds such purchase price to Moore in cash. In the event that the sale of such Preference Shares occurs at a price above US$18.75 per Preference Share, the amount by which such sale price exceeds US$18.75 shall be paid by Moore to the Company in cash. In the event that a third party purchaser is not identified to purchase the 906,334 Preference Shares on or before September 30, 1996, the Company agreed to repurchase such Preference Shares from Moore for US$18.75 per share on September 30, 1996. In the event that the Company repurchases Preference Shares from Moore pursuant to this obligation, the Company agreed to issue additional common shares to Moore with a value equal to the amount of dilution suffered by Moore on its share of the reduction in the Company's net asset base resulting from such cash payment.

During the year ended April 30, 1996, the Company's cash and cash equivalents and marketable securities decreased by $8.6 million primarily due to increases in the non-cash operating components of working capital, acquisitions and purchases of fixed and other assets.

The Company increased its investment in the non-cash operating components of working capital during the year ended April 30, 1996 by approximately $7.2 million, primarily due to increased accounts receivable.

Total accounts receivable increased by approximately $12.3 million to $19.7 million during the year ended April 30, 1996. The increase is directly related to the general increase in the Company's revenues including the Company's success in signing several large irrevocable commitment licenses ("Irrevocable Commitment Licenses") with major international organizations, whereby these customers commit to a specific minimum amount of license fees for the Company's products over a specified period of time.

The Company records revenue from Irrevocable Commitment Licenses for the amount of the minimum commitment at the time the agreement is concluded, provided collection of the minimum commitment is reasonably assured, the Company has met all material commitments and the customer has demonstrated its technological commitment to the Company's products by either embedding the Company's products in the products the customer markets to its customers, or in mission critical applications.

Total license fees over the term of the agreement may exceed the minimum commitment initially recorded as revenue. Revenues in excess of the minimum commitment are recorded as the customer reports installations or sales of the Company's products in excess of the minimum commitment. Revenues from Irrevocable Commitment Licenses with specified payment dates exceeding the Company's customary trade terms are recorded at the amount receivable less deemed interest (the "Discount"). The Company amortizes the Discount over the term of the receivable and records the amortized amount as interest income. The Company records a portion of accounts receivable from Irrevocable Commitment Licenses as non-current to the extent that the Company estimates that payments are expected to be received more than one year from the balance sheet date. Payment is generally due on the earlier of delivery or installation of the Company's products by the customer to its customers or end users and specified dates in the license agreement.

For the year ended April 30, 1995, accounts receivable increased to $7.5 million from $4.0 million for the year ended April 30, 1994, primarily due to the general increase in revenues and the Company's success in signing Irrevocable Commitment Licenses.

The Company expects its accounts receivable will continue to grow if the Company continues to be successful in signing Irrevocable Commitment Licenses.

During the year ended April 30, 1996, the Company incorporated JetForm France under the laws of France. On June 14, 1995, a French insolvency court accepted an offer from JetForm France to acquire certain assets and assume certain liabilities of the Company's former French distributor, which was being administered by a court appointed liquidator. The total cash cost of this acquisition, including fees, was approximately $1.3 million.

On February 13, 1996 the Company acquired all of the outstanding shares of Eclipse located in Norcross, Georgia, a provider of electronic forms software for the IBM AS/400 platform, in exchange for 262,347 Common Shares of the Company having a stated value of $5.12 million.

On March 31, 1996, the Company acquired all of the outstanding voting shares of Proactive located in Orpington, Kent, United Kingdom, (including the wholly-owned subsidiary of Proactive, Proactive Systems Inc. located in Los Altos, California), a distributor of electronic forms software, in exchange for 341,471 Common Shares of the Company having a stated value of $7.68 million.

The Company purchased approximately $6.9 million of fixed assets in the year ended April 30, 1996. The purchases of fixed assets include furniture, computer hardware and software, office equipment and leasehold improvements to support the Company's increased research, sales, marketing and administrative activities. Also included in this amount is approximately $1.3 million of consideration for the DocuMASter™ product, which the Company acquired from Moore in exchange for a commitment by the Company to perform future research and development. As at April 30, 1996, the Company had performed approximately $600,000 of research and development related to this commitment.

The Company generated cash of $2.8 million relating to the exercise of stock options and warrants by employees and others in the year ended April 30, 1996. In the years ended April 30, 1995 and 1994, the Company generated cash of $483,000 and $21,000 respectively relating to the exercise of stock options and warrants.

On June 26, 1996, the Company established a $10.0 million working capital credit facility with a major Canadian bank. The Company has granted as collateral for the $10.0 million revolving line of credit, a general security agreement over JetForm's assets, including the shares of certain subsidiaries. Maximum borrowings under the facility are based on eligible accounts receivable and bear interest at the prime rate of the major Canadian bank from time to time. Had the credit facility been in place on April 30, 1996, the maximum amount the Company could have borrowed under the terms of the facility would have been $10.0 million.

Management believes that the Company is sufficiently well financed to meet the needs of both its current and foreseen levels of activity. If the Company were to require funds in excess of its current cash position to finance its operations, the Company would expect to obtain such funds from one or a combination of credit facilities, or from public or private sales of equity or debt securities.

RECONCILIATION OF CANADIAN GAAP TO U.S. GAAP

The Company prepares its consolidated financial statements in accordance with Canadian GAAP. No material adjustment would be necessary if these consolidated financial statements were prepared in conformity with U.S. GAAP other than the following:

Under U.S. GAAP the calculation of primary and fully diluted income per share is based on the number of issued and outstanding shares plus common share equivalents including stock options and warrants the exercise of which would have a dilutive effect. The following table presents the income per share that would have been reported if these consolidated financial statements had been prepared in accordance with U.S. GAAP.

	Year Ended April 30,		
(In Thousands of Canadian Dollars)	*1996*	*1995*	*1994*
Net income (loss) reported	$ 4,148	$ 2,755	$ (556)
Adjustment			
Settlement of legal proceedings	—	—	(140)
Net income (loss) in conformity with U.S. GAAP	$ 4,148	$ 2,755	$ (696)
Primary income (loss) per share	$ 0.35	$ 0.25	$ (0.10)
Fully diluted income (loss) per share	$ 0.34	$ 0.24	$ (0.10)

During the year ended April 30, 1996, the Company entered into a non-cash agreement to transfer Moore's DocuMASter™ electronic forms management system to the Company in exchange for a commitment by the Company to perform future research and development. Under U.S. GAAP this transaction is not considered an investing or a financing activity on the Company's Consolidated Statement of Cash Flows. Under U.S. GAAP the issuance of common shares pursuant to the acquisitions of Eclipse and Proactive is not considered a financing activity. For the year ended April 30, 1996, the Company would have reported cash used in investing activities of $6.7 million and cash provided from financing activities of $2.8 million under U.S. GAAP.

During the year ended April 30, 1994, the Company settled a suit filed in 1991 by a former officer. The settlement of $140,000 was recorded as a prior period adjustment. Under U.S. GAAP, this amount would have been recorded as an expense in the year ended April 30, 1994.

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's Common Shares, without par value, are traded on The NASDAQ Stock Market under the symbol FORMF and on The Pacific Stock Exchange under the symbol JTF. The Common Shares are not traded on any Canadian market.

The following table lists the high and low prices of the Common Shares as reported by NASDAQ for each quarter during the years ended April 30, 1996 and 1995. The NASDAQ Stock Market is an over the counter market, therefore, these prices represent quotations between dealers without adjustment for retail markups, markdowns or commissions, and may not represent actual transactions.

	Year Ended April 30,			
	1996		*1995*	
(In U.S Dollars)	*High*	*Low*	*High*	*Low*
First Quarter	18.00	12.00	10.00	6.50
Second Quarter	17.00	12.00	9.00	6.50
Third Quarter	20.25	12.00	8.25	6.25
Fourth Quarter	20.75	14.00	13.50	8.00

Holders

As of June 27, 1996, there were 155 holders of record of Common Shares. A substantial number of Common Shares of the Company are held by depositories, brokerage firms and financial institutions in "street name". Based upon the number of annual reports and proxy statements requested by such nominees, management of the Company estimates that there are more than 1,300 beneficial holders of Common Shares.

Dividends

During the fiscal years ended April 30, 1996 and 1995, the Company did not declare or pay cash dividends on its Common Shares, and does not anticipate paying any dividends in the foreseeable future, but intends to retain future earnings for reinvestment to finance the growth of its business.

Limitations Affecting Security Holders

There is no law or government decree or regulation in Canada that restricts the export or import of capital, or affects the remittances of dividends, insurance or other payments to a non-resident holder of Common Shares, other than the withholding tax requirements described below.

Taxation

The following discussion summarizes certain tax considerations relevant to an investment by individuals and corporations who, for income tax purposes, are resident in the United States and not in Canada, hold Common Shares as capital property, and do not use or hold the Common Shares in carrying on business through a permanent establishment or in connection with a fixed base in Canada (collectively, "Unconnected US Shareholders"). The Canadian tax consequences of an investment in the Common Shares by investors who are not Unconnected US Shareholders may be expected to differ substantially from the tax consequences discussed herein. The discussion is based upon the provisions of the Income Tax Act (Canada) (the "Tax Act"), the Convention between Canada and the United States of America with respect to taxes on Income and on Capital (the "Convention") and the published administrative practices of Revenue Canada, Taxation and judicial decisions, all of which are subject to change. This discussion does not take into account the tax laws of the various provinces or territories of Canada.

This discussion is intended to be a general description of the Canadian tax considerations and does not take into account the individual circumstances of any particular shareholder.

Any cash dividends and stock dividends on the Common Shares payable to Unconnected US Shareholders generally will be subject to Canadian withholding tax. Under the Convention, the rate of withholding tax generally applicable to Unconnected US Shareholders is 15%. In the case of a United States corporate shareholder owning 10% or more of the voting shares of the Company, the applicable withholding tax under the Convention is 6% for 1996 and 5% for 1997 and following years. Capital gains realized on the disposition of Common Shares by Unconnected US Shareholders will not be subject to tax under the Tax Act unless such Common Shares are taxable Canadian property within the meaning of the Tax Act. Common Shares will generally not be taxable Canadian property to a holder unless, at any time during the five-year period immediately preceding a disposition, the holder, or persons with whom the holder did not deal at arm's length, or any combination thereof, owned 25% or more of the issued shares of any class or series of the Company. If the Common Shares are considered taxable Canadian property to a holder, the Convention will generally exempt Unconnected US Shareholders from tax under the Tax Act in respect of a disposition of Common Shares provided the value of the shares of the Company is not derived principally from real property situated in Canada. Neither Canada nor any province thereof currently imposes any estate taxes or succession duties.

BOARD OF DIRECTORS

Abraham E. Ostrovsky
Chairman

John B. Kelly
President and CEO

John Gleed
Executive Vice President and CTO

Stanley A. Young (1)
Chairman,
Young Management Group, Inc.

Thomas E. Hicks
Vice President,
Strategic Programs

Robert F. Allum
President,
Tierra Communications, Inc.

George H. Gilmore, Jr.
President,
Moore Business Systems,
Moore Corporation Limited

Graham C. Macmillan (2)
Director, Investment Banking,
Richardson Greenshields of
Canada Limited

Dennis B. Maloney (1)
President, Outsourcing Services
SHL Systemhouse Inc.

Donald Payne (2)
COO,
Bitwise Design, Inc.

Stephen Holinski (1)
Senior Vice President and CFO,
Moore Corporation Limited

Steven Walker (2)
President, Canadian Division,
Moore Corporation Limited

(1) Audit Committee
(2) Compensation Committee

CORPORATE OFFICERS

Abraham E. Ostrovsky
Chairman

John B. Kelly
President and CEO

John Gleed
Executive Vice President and CTO

Kenneth J. Killin
Vice President, Finance and
Administration, and CFO

Philip W. Weaver
Executive Vice President,
Sales, Marketing and Services

Lynne K. Boyd
Senior Vice President,
Government Sales

Wayne Hall
Vice President,
Advanced Products

Thomas E. Hicks
Vice President,
Strategic Programs

Deborah L. Weinstein
Secretary

TRANSFER AGENT AND REGISTRAR

American Stock Transfer and
Trust Company
40 Wall Street
New York, NY 10005
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INDEPENDENT AUDITORS

Coopers & Lybrand
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Canada

COUNSEL

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STOCK LISTING

JetForm's common shares are listed for trading on the NASDAQ Stock Market under the symbol FORMF and The Pacific Stock Exchange under the symbol JTF.

ADDITIONAL INFORMATION

To obtain without charge a copy of the Form 10-K relating to JetForm, please contact Investor Relations, JetForm Corporation, Corporate Headquarters at the address shown on the back cover of this Annual Report.

For assistance on address change, consolidation of multiple listings, or related shareholder matters, please contact the transfer agent.

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Fax: 44 1905 795 702

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